



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN CEMEX'S ACQUISITION OF RINKER GROUP

Divestitures of Ready Mix Concrete, Concrete Block, and Aggregate Plants in Florida and Arizona Will Preserve Competition

WASHINGTON — The Department of Justice announced today that it has reached a settlement that will require Mexico-based Cemex S.A.B. de C.V. to divest 39 ready mix concrete, concrete block, and aggregate facilities in Arizona and Florida in the event Cemex succeeds in its hostile takeover of Australia-based Rinker Group. The Department said that without the divestitures the proposed acquisition would substantially lessen competition for ready mix concrete in certain metropolitan areas in Arizona and Florida, as well as result in increased prices for ready mix concrete, concrete block, and aggregate sold to customers handling state Department of Transportation and large building projects. The total value of the Cemex/Rinker transaction, including Rinker's debt, is approximately \$12 billion.

The Department's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

"Without the divestitures required by the Department, purchasers of ready mix concrete, concrete block and aggregate in these areas of Florida and Arizona, including state departments of transportation, would likely have faced higher prices if the transaction is completed. The Department's action will ensure that these customers will continue to receive the benefits of competition," said Thomas O. Barnett, Assistant Attorney General for the Department's Antitrust Division.

Ready mix concrete is a building material used in large construction projects including buildings, highways, bridges, tunnels, and other projects. Concrete block is a building material used in the construction of residential and commercial structures. Aggregate is crushed stone and gravel produced at quarries, mines, or gravel pits that is used in, among other things, the production of ready mix concrete, concrete block, and asphalt.

The Department concluded that the deal would have resulted in increased prices for ready mix concrete sold to customers handling state Department of Transportation projects and other large building projects in the metropolitan areas of Fort Walton Beach/Panama City/Pensacola, Jacksonville, Orlando, Tampa/St. Petersburg, and Fort Myers/Naples, Fla., and the areas of

Flagstaff and Tucson, Ariz. In Flagstaff, Rinker and Cemex are the only two competitors capable of supplying ready mix concrete for these large projects, and in the other areas in which divestitures are being required there are only one or two firms in addition to Cemex and Rinker that are capable of serving large projects.

The Department also said that the acquisition also would have resulted in an increase in prices for concrete block for a significant number of customers in the metropolitan areas of Tampa/St. Petersburg and Fort Myers/Naples, Fla., where Cemex and Rinker account for more than 60 percent of concrete block sales.

Finally, the Department said that the acquisition would have resulted in increased prices for aggregate to a significant number of customers in the Tucson, Ariz., area where Cemex and Rinker are among a small number of firms capable of supplying aggregates meeting state Department of Transportation specifications.

On Oct. 27, 2006, Cemex announced its intention to acquire Rinker through a hostile cash tender offer. The offer was due to expire on March 30, 2007, but Cemex extended it until April 27, 2007.

Under the terms of the proposed consent decree, once Cemex obtains control of Rinker, Cemex must divest certain ready mix concrete assets to a single buyer in each of the areas of competitive concern. The terms of the proposed consent decree also require the divestiture of all of Rinker's concrete block-related assets in the Tampa/St. Petersburg and Fort Myers/Naples areas. Cemex must divest two aggregate plants in the Tucson, Ariz., area to the same acquirer that purchases the two ready mix plants to be divested at the same locations. Under the consent decree, the Department's Antitrust Division must approve the buyer of all of the divested assets.

Cemex, headquartered in Nuevo León, Mexico, produces and distributes cement, ready mix concrete, aggregate, concrete block, concrete pipe, and related building materials to customers in more than 50 countries. In 2006, Cemex reported total sales of approximately \$24.6 billion. Cemex is the largest United States supplier of ready mix concrete and cement and the seventh largest United States supplier of aggregate. Approximately 25 percent of Cemex's revenues are earned in the U.S. Cemex operates in the U.S. through its wholly-owned subsidiary, Cemex Inc., which is headquartered in Houston.

Rinker, headquartered in Chatswood, Australia, produces and distributes aggregate, ready mix concrete, cement, concrete block, asphalt, concrete pipe, and other construction materials through its operations in the U.S. and Australia. In 2006, Rinker reported total sales of approximately \$4 billion. Rinker is the second largest U.S. supplier of ready mix concrete and the fifth largest U.S. supplier of aggregate. Approximately 80 percent of Rinker's revenues are earned in the U.S. Rinker operates in the U.S. through its subsidiary, Rinker Materials Corporation, which is headquartered in West Palm Beach, Fla.

As required by the Tunney Act, the proposed consent decree, along with the

Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the final judgment upon a finding that it serves the public interest.

(List of divestitures is attached.)

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07-224

ATTACHMENT A
PLANTS TO BE DIVESTED IF CEMEX ACQUIRES RINKER

<u>PLANT NAME</u>	<u>ADDRESS</u>	<u>PRODUCT</u>	<u>CURRENT OWNER</u>
Fort Walton Beach/Panama City/Pensacola, Florida Area			
Crestview plant	5420 Fairchild Road Crestview, FL 32539	Ready Mix Concrete	Rinker
Fort Walton plant	1787 FIM Boulevard Fort Walton Beach, FL 32547	Ready Mix Concrete	Rinker
Milton plant	6250 Da Lisa Road Milton, FL 32583	Ready Mix Concrete	Rinker
Panama City plant	1901-B East 15 th Street Panama City, FL 32405	Ready Mix Concrete	Rinker
Panama City Beach plant	17750 Hutchinson Road Panama City Beach, FL 32407	Ready Mix Concrete	Rinker
Pensacola plant	415 Hyatt Street Pensacola, FL 32503	Ready Mix Concrete	Rinker
Port. St. Joe plant	1145 Industrial Road Port St. Joe, FL 32456	Ready Mix Concrete	Rinker
Point Washington plant	East Highway 98 and Old Ferry Rd. Santa Rosa Beach, FL 32459	Ready Mix Concrete	Rinker
Jacksonville, Florida Area			
Main Street plant	9214 North Main Street Jacksonville, FL 32218	Ready Mix Concrete	Cemex
Southside Florida Mining Boulevard plant	9715 East Florida Mining Blvd. Jacksonville, FL 32223	Ready Mix Concrete	Cemex
Orlando, Florida Area			
East Orlando plant	7400 Narcoossee Road Orlando, FL 32822	Ready Mix Concrete	Cemex
Goldenrod plant	4000 Forsyth Road Winter Park, FL 32792	Ready Mix Concrete	Cemex

<u>PLANT NAME</u>	<u>ADDRESS</u>	<u>PRODUCT</u>	<u>CURRENT OWNER</u>
Winter Garden plant	201 Hennis Road Winter Garden, FL 34787	Ready Mix Concrete	Cemex
Kennedy plant	1406 Atlanta Avenue Orlando, FL 32806	Ready Mix Concrete	Rinker
Tampa/St. Petersburg Florida Area			
Clearwater plant	3757 118 th Avenue North Clearwater, FL 33762	Ready Mix Concrete	Rinker
Odessa plant	12025 State Road 54 Odessa, FL 33556	Ready Mix Concrete	Rinker
Odessa plant	12025 State Road 54 Odessa, FL 33556	Concrete Block	Rinker
Odessa Keys plant	11913 State Road 54 Odessa, FL 33556	Ready Mix Concrete	Rinker
Palmetto plant	600 9 th Street West Palmetto, FL 34221	Concrete Block	Rinker
Riverview plant	6723 South 78 th Street Riverview, FL 33569	Ready Mix Concrete	Rinker
Tampa plant	6106 East Hanna Avenue Tampa, FL 33610	Ready Mix Concrete	Rinker
Tampa plant	6302 North 56 th Street Tampa, FL 33610	Concrete Block	Rinker
Tampa Keys plant	1811 North 57 th Street Tampa, FL 33619	Ready Mix Concrete	Rinker
Fort Myers/Naples, Florida Area			
Ave Maria plant	4811 Ave Maria Boulevard Immokalee, FL 34142	Ready Mix Concrete	Rinker
Bonita Springs plant	25061 Old U.S. Highway 41, South Bonita Springs, FL 34135	Ready Mix Concrete	Rinker
Bonita Springs plant	25091 Old U.S. Highway 41 South Bonita Springs, FL 34135	Concrete Block	Rinker

<u>PLANT NAME</u>	<u>ADDRESS</u>	<u>PRODUCT</u>	<u>CURRENT OWNER</u>
Canal Street plant	4262 Canal Street Fort Myers, FL 33916	Ready Mix Concrete	Rinker
Cape Coral (Pine Island) plant	2401 SW Pine Island Road Cape Coral, FL 33991	Ready Mix Concrete	Rinker
Coral Rock plant	41451 Cook Brown Road Punta Gorda, FL 33982	Concrete Block	Rinker
Naples plant	9210 Collier Boulevard Naples, FL 33114	Ready Mix Concrete	Rinker
South Fort Myers plant	7270 Alico Road Fort Myers, FL 33912	Ready Mix Concrete	Rinker
South Fort Myers plant	7270 Alico Road Fort Myers, FL 33912	Concrete Block	Rinker
Flagstaff, Arizona Area			
Brannen plant	633 East Brannen Avenue Flagstaff, AZ 86001	Ready Mix Concrete	Cemex
Tucson, Arizona Area			
Ina plant	5400 West Massingale Road Tucson, AZ 85743	Ready Mix Concrete	Cemex
Ina Plant	5400 West Massingale Road Tucson, AZ 85743	Aggregate	Cemex
Green Valley plant	18701 South Old Nogales Highway Sahuarita, AZ 85629	Ready Mix Concrete	Rinker
Green Valley plant	18701 South Old Nogales Highway Sahuarita, AZ 85629	Aggregate	Rinker
Poorman Road plant	6500 South Old Spanish Trail Tucson, AZ 85747	Ready Mix Concrete	Rinker
Valencia plant	1011 West Valencia Road Tucson, AZ 85706	Ready Mix Concrete	Rinker